

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4577-01
Bill No.: HB 1910
Subject: Health Care; Health Care Professionals; Nursing and Boarding Homes; Social Services Dept.
Type: Original
Date: March 19, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$177,868)	(\$190,100)	(\$194,928)
Total Estimated Net Effect on <u>All</u> State Funds	(\$177,868)	(\$190,100)	(\$194,928)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Fire Safety (DPS-FS)** stated the DPS-FS would contract for one part-time temporary clerk in order to assist with absorbing this additional workload for the Unit's once current Clerk Typist III. This individual would be responsible for entering inspection reports into the data base.

Oversight assumes the DPS-DFS could absorb the additional duties with existing staff.

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions.

198.015.2 This legislation would reduce the license period for long-term care facilities from two years to 18 months. Currently, there are approximately 1,200 long-term care facilities licensed by the DOH. Changing the license period for long-term care facilities from two years to 18 months would directly impact the workload of staff responsible for reviewing, processing and issuing these licenses. Before a license is issued or renewed, a staff accountant must review each application and supporting documentation. This review includes analyzing such documents as financial statements, tax returns, cost reports, deeds of trust and management agreements. Clerical staff are responsible for processing applications and issuing licenses after approval by the accounting staff. It is estimated that shortening the licensure period would increase the unit's workload by approximately 25%. To ensure the DOH is able to complete the licensure process in a timely manner, we believe an additional accountant II and clerk typist II are needed.

It is the assumption of the DOH that reducing the licensure period from two years to 18 months would require the department to change the state regulations which outline the fee structure for long term care licensure. It is assumed that the license fees would be prorated to align with the new license period.

198.016.1 This new legislation requires the DOH to register multi-unit housing with services facilities. The industry estimates that there are currently an estimated 200 multi-unit housing with services facilities in Missouri.

DOH would request a facility surveyor II and a clerk typist II to ensure facilities with multi-unit housing services comply with registration requirements. These positions would oversee registration, promulgate rules and regulations, ensure facility compliance with established rules, investigate complaints, and complete all phases of the registration process.

ASSUMPTION (continued)

In summary, the DOH will need four (4) additional staff at a cost to General Revenue of \$198,606 (FY 03), \$214,835 (FY 04), and \$220,429 (FY 05) to implement the proposed legislation.

Officials from the **Office of the Secretary of State (SOS)** state this bill provides standards for assisted living facilities in the state. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Social Services could require as many as 6 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$369 [(6 pp x \$27) + (9 pp x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Courts Administrator** and **Department of Social Services** assume the proposed legislation will not fiscally impact their organization.

Officials from the **Department of Mental Health (DMH)** stated the legislation assigns some basic requirements and accountability for providers of assisted living services, and requires a registry for these providers. There is only one category of provider that DMH licenses that potentially could fall into this "multi-unit housing with services" definition and that is the DMH semi-independent apartment living license. There are only 3 such facilities in the state in this category. The way the multi-unit housing is defined we assume it applies to no other programs licensed or certified by the DMH. There would be no fiscal impact upon the DMH.

Officials from the **Office of Prosecution Services (OPS)** did not respond to our request for a statement of fiscal impact. However, in response to similar legislation introduced this session, the OPS assumes costs associated with the proposed legislation could be absorbed within existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Costs - Department of Health and Senior Services</u>			
Personal Service Costs (4 FTE)	(\$93,583)	(\$115,106)	(\$117,984)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
Fringe Benefits	(\$33,699)	(\$41,450)	(\$42,486)
Equipment and Expense	(\$50,586)	(\$33,454)	(\$34,458)
Total <u>Cost</u> - Department of Health and Senior Services	(\$177,868)	(\$190,010)	(\$194,928)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$177,868)	(\$190,100)	(\$194,928)
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses may incur costs to become compliant with fire safety ordinances. The net effect is unknown.

DESCRIPTION

This bill revises provisions pertaining to the Omnibus Nursing Home Act. In its main provisions, the bill:

(1) Defines and regulates assisted living facilities in Missouri; (2) Contains new definitions for "Alzheimer's disease," "assisted living facility," "dementia," and "multi-unit housing with services." The definition for "assisted living facilities" includes the definition of "multi-unit housing with services"; (3) Revises the period covered by the issuance of a license for long-term care facilities. Current law allows a license to be issued for up to two years. The bill reduces the time period to 8 months; (4) Requires multi-unit housing with services facilities to register with the Department of Health and Senior Services. The facilities are required to submit a disclosure statement describing their operation and must submit an application for registration; (5) Allows fire and safety requirements for license-exempt facilities registered under Chapter 210, RSMo, to apply to multi-unit housing with services facilities if no local fire and safety ordinances exist for these facilities; (6) Authorizes the department to inspect the multi-unit housing with services facilities and requires that residents of the facilities be notified that the department will not regularly conduct inspections. If the department inspects a facility and finds a DESCRIPTION (continued)

violation, the department is required to give a facility 20 days to correct noncompliance before it notifies the prosecuting attorney; (7) Requires the department to notify the prosecutor of the county in which the facility is located if the facility does not correct the violation within 20 days or the department may require the facility to become licensed as a residential care facility; (8) Requires residents of multi-unit housing facilities to sign lease agreements and pay rent, which

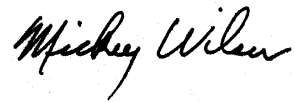
may or may not be subsidized; (9) Authorizes the provision of supportive services which are optional, and the resident of the facility is required to choose the care provider; (10) Allows personal care to be provided by facility management or in-home service providers through a written agreement. Nursing care may be arranged by facility management, but must be provided by licensed home care providers; (11) Allows residents to contract with licensed health care professionals to the same extent available to private citizens. Payment for personal or nursing care is prohibited from being combined with housing charges; (12) Allows residents to request assistance with medications, which must be stored in residents' rooms. The department is required to develop rules for the administration of medication to residents; (13) Allows facilities to ask residents to move in certain situations, including if a resident possesses needs which exceed the level of personal care services available or for non-payment; (14) Requires facilities to provide an informational document which includes current information on selecting an appropriate assisted living arrangement. The informational document will be given to any person seeking this information. The distribution of this document will be verified by the department as part of the facility's regular registration; and (15) Repeals Section 198.073 regarding the Pathway to Safety Law for Alzheimer's patients in residential care facilities II. New language allows an individual to be accepted for or to remain a resident of an assisted living facility if the facility has a written plan of protection.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Office of Secretary of State
Office of State Courts Administrator
Department of Public Safety - Division of Fire Safety
Department of Mental Health
Department of Social Services

NOT RESPONDING: Office of Prosecution Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 19, 2002